

16 February 1951

MEMORANDUM FOR THE DIRECTOR

FROM: Legislative Counsel

1. It is expected that approval for CIA to request Congress for legislation in connection with the employment of retired officers will be received from the Bureau of the Budget on Monday, 19 February.

2. As soon as such approval is received, it is recommended that the Director discuss this legislation personally with Chairman Vinson of the House Armed Services Committee and Chairman Russell of the Senate Armed Services Committee, at which time they should be requested to introduce our legislation and be handed a copy of the proposed text.

3. It is recommended that these appointments be set up as soon as we receive the approval of the Bureau of the Budget.

4. An outline of the present statutes regarding retired officers and our proposals is attached as Tab A, and the text of our proposed law is attached as Tab B.

Walter L. Pforzheimer

Attachments

Dual Compensation Authorities

1. Under present statutory authorities relating to the employment of retired officers and their compensation, the following general rules apply:

a. Officers retired for disabilities incurred in combat or resulting from an explosion of an instrumentality of war in line of duty may be employed by the Government and receive their Government salaries plus their retirement pay;

b. Officers retired for injuries or incapacity incurred in line of duty may be employed by the Government, but can receive either their retired pay or their Government salary, whichever they may elect;

c. Officers retired for causes other than (a) or (b) above, may not be employed by the Government except on an intermittent consultant basis.

2. The CIA proposal, a copy of which is attached, amends Section 6 of the Central Intelligence Agency Act of 1949 (general authorities).

a. Section f (1) of our proposal authorizes CIA to employ and pay fifteen retired officers whose retirement is for causes other than wounds received in combat or physical

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disability. These officers may receive either their retired pay or their CIA salary, whichever they may elect. As these are not disability retirements, there is no tax exemption problem in connection with their retired pay.

b. Section (f)(2) of our proposal is necessary so that we may continue to employ those retired officers whose employment is presently authorized by law without regard to the numerical limitation of fifteen contained in Section (f)(1).

c. In addition, the Proviso in Section (f)(2) of our proposal authorizes an officer who is retired for physical disability to be paid his retired salary plus the difference between his retired salary and the salary of his position with CIA. In this way such officers can avail themselves of the tax exemption provisions accorded to their retired pay.